



January 27, 2004

## SENATE BILL No. 171

DIGEST OF SB 171 (Updated January 26, 2004 11:20 am - DI 73)

**Citations Affected:** IC 6-3.1; noncode.

**Synopsis:** EDGE tax credits. Provides that for purposes of the EDGE tax credit, an applicant may also satisfy the average compensation requirements if the average wage paid by the applicant exceeds the average wage paid to all workers employed in Indiana in the same occupations as those of the applicant's Indiana employees or in substantially similar occupations.

**Effective:** January 1, 2005.

**Mrvan, Ford**

January 6, 2004, read first time and referred to Committee on Economic Development and Technology.  
January 26, 2004, reported favorably — Do Pass.

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SB 171—LS 6225/DI 73+



January 27, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## SENATE BILL No. 171

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.1-13-15.5, AS ADDED BY P.L.178-2002,  
2 SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2005]: Sec. 15.5. This section applies to an application  
4 proposing to retain existing jobs in Indiana. After receipt of an  
5 application, the board may enter into an agreement with the applicant  
6 for a credit under this chapter if the board determines that all the  
7 following conditions exist:
- 8 (1) The applicant's project will retain existing jobs performed by  
9 the employees of the applicant in Indiana.
  - 10 (2) The applicant provides evidence that there is at least one (1)  
11 other competing site outside Indiana that is being considered for  
12 the project or for the relocation of jobs.
  - 13 (3) A disparity is identified, using the best available data, in the  
14 projected costs for the applicant's project in Indiana compared  
15 with the costs for the project in the competing site.
  - 16 (4) The applicant is engaged in research and development,  
17 manufacturing, or business services (as defined in the Standard

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Industrial Classification Manual of the United States Office of Management and Budget).

(5) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds **the lesser of:**

(A) the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%); **or**

**(B) the average compensation paid during that same period to all workers employed in Indiana in the same occupations as those of the taxpayer's Indiana employees or in substantially similar occupations.**

(6) The applicant employs at least two hundred (200) employees in Indiana.

(7) The applicant has prepared a plan for the use of the credits under this chapter for:

(A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or

(B) other direct business related investments, including but not limited to training.

(8) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana.

(9) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(10) The applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana.

(11) The communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have committed at least one dollar and fifty cents (\$1.50) of local incentives with respect to the retention of jobs for every three dollars (\$3) in credits provided under this chapter. For purposes of this subdivision, local incentives include, but are not limited to, cash grants, tax abatements, infrastructure improvements, investment in facility rehabilitation, construction, and training investments.

(12) The credit is not prohibited by section 16 of this chapter.

SECTION 2. IC 6-3.1-13-17, AS AMENDED BY P.L.178-2002,

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SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 17. In determining the credit amount that should be awarded to an applicant under section 15 of this chapter that proposes a project to create jobs in Indiana, the board shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) The incremental payroll attributable to the project.

(4) The capital investment attributable to the project.

(5) The amount **by which** the average wage paid by the applicant exceeds **the lesser of:**

(A) the average wage paid within the county in which the project will be located; **or**

**(B) the average wage paid to all workers employed in Indiana in the same occupations as those of the taxpayer's Indiana employees or in substantially similar occupations.**

(6) The costs to Indiana and the affected political subdivisions with respect to the project.

(7) The financial assistance that is otherwise provided by Indiana and the affected political subdivisions.

As appropriate, the board shall consider the factors in this section to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter. In the case of an applicant under section 15.5 of this chapter, the board shall consider the magnitude of the cost differential between the projected costs for the applicant's project in the competing site outside Indiana and the projected costs for the applicant's project in Indiana.

SECTION 3. IC 6-3.1-13-27, AS AMENDED BY P.L.170-2002, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 27. (a) Subject to all other requirements of this chapter, the board may award a tax credit under this chapter to a nonprofit organization that is a high growth company with high skilled jobs (as defined in IC 4-4-10.9-9.5) if:

(1) the nonprofit organization:

(A) is a taxpayer (as defined in section 10 of this chapter); and

(B) meets all requirements of this chapter; and

(2) all of the following conditions are satisfied:

(A) **The organization satisfies at least one (1) of the following conditions:**

(i) The wages of at least seventy-five percent (75%) of the organization's total workforce in Indiana must be equal to at

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1 least two hundred percent (200%) of the average county  
 2 wage, as determined by the department of commerce, in the  
 3 county where the project for which the credit is granted will  
 4 be located.

5 **(ii) The average wage of the organization's total**  
 6 **workforce in Indiana must be equal to at least the**  
 7 **average wage paid to all workers employed in Indiana in**  
 8 **the same as those of the taxpayer's Indiana employees or**  
 9 **in substantially similar occupations.**

10 (B) The organization must make an investment of at least fifty  
 11 million dollars (\$50,000,000) in capital assets.

12 (C) The affected political subdivision must provide substantial  
 13 financial assistance to the project.

14 (D) The incremental payroll attributable to the project must be  
 15 at least ten million dollars (\$10,000,000) annually.

16 (E) The organization agrees to pay the ad valorem property  
 17 taxes on the organization's real and personal property that  
 18 would otherwise be exempt under IC 6-1.1-10.

19 (F) The organization does not receive any deductions from the  
 20 assessed value of the organization's real and personal property  
 21 under IC 6-1.1-12 or IC 6-1.1-12.1.

22 (G) The organization pays all of the organization's ad valorem  
 23 property taxes to the taxing units in the taxing district in which  
 24 the project is located.

25 (H) The project for which the credit is granted must be located  
 26 in a county having a population of more than one hundred  
 27 eighty thousand (180,000) but less than one hundred  
 28 eighty-two thousand seven hundred ninety (182,790).

29 (b) Notwithstanding section 6(a) of this chapter, the board may  
 30 award credits to an organization under subsection (a) if:

31 (1) the organization met all other conditions of this chapter at the  
 32 time of the applicant's location or expansion decision;

33 (2) the applicant is in receipt of a letter from the department of  
 34 commerce stating an intent to pursue a credit agreement; and

35 (3) the letter described in subdivision (2) is issued by the  
 36 department of commerce not later than January 1, 2000.

37 SECTION 4. [EFFECTIVE JANUARY 1, 2005] IC 6-3.1-13-15.5,  
 38 IC 6-3.1-13-17, and IC 6-3.1-13-27, all as amended by this act,  
 39 apply to taxable years beginning after December 31, 2004.

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SENATE MOTION

Madam President: I move that Senator Ford be added as coauthor of Senate Bill 171.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Economic Development and Technology, to which was referred Senate Bill No. 171, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 171 as introduced.)

FORD, Chairperson

Committee Vote: Yeas 8, Nays 0.

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